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C O N F I D E N T I A L SECTION 01 OF 04 TOKYO 000822

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [CH](#) [JA](#)  
SUBJECT: CHINA WATCHERS PIN HOPES FOR IMPROVED JAPAN-CHINA  
RELATIONS ON NEXT PRIME MINISTER

REF: A. TOKYO 0698

[1](#)B. TOKYO 0775

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Classified By: Ambassador J. Thomas Schieffer. Reasons:1.4(b/d).

[1](#)1. (C) Summary: No improvement in Japan's relations with China should be expected during Koizumi's remaining seven months in office, according to Diet members and academic China specialists contacted by Embassy Tokyo. Citing domestic political difficulties in both countries, our interlocutors believe that Koizumi's successor will have to overcome a growing sense of anti-Chinese nationalism if the bilateral relationship is to be improved. Most believe that the increasing economic interdependence between the two countries makes it imperative for the next prime minister to consider how to deal with visits to Yasukuni shrine, which has become an unfortunate focal point for Japan-China relations. Both the Diet members and academics we consulted stressed the risky nature of direct U.S. involvement in the Japan-China dispute, asserting that it threatened to expose differences on history between the United States and Japan which could be exploited by China. Strongly and unanimously favoring improved relations with China, our interlocutors are concerned about the possibility of Chinese criticism of Japanese politicians during the delicate period leading up to the LDP presidential election in September. At present, however, it does not appear that any of Koizumi's most likely successors value the benefits of improved Japan-China relations more highly than the political benefits they personally gain by appealing to Japanese nationalism. End Summary.

No Improvement Under Koizumi  
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[1](#)2. (C) A number of the Embassy's Diet and academic contacts interested in China-related issues have all told us on a confidential basis that no improvement in Japan-China relations can be expected while PM Koizumi is in office. They all point to the possibility of a new phase in bilateral relations under the next prime minister, but recognize the difficulties and uncertainties involved in achieving a breakthrough in Japan's currently very difficult relationship with China.

13. (C) According to our interlocutors, the domestic political situation in both Japan and China is to blame for the current impasse. Many fault PM Koizumi for using anti-China feeling in Japan to boost his popularity, taking advantage of the country's increasing nationalism. While Koizumi now understands the problems his Yasukuni visits have created for Japanese diplomacy in Asia, he came to this realization too late. Although Koizumi tried to tone down his October 2005 visit, making it briefer and much less formal than past visits, the issue had become so politicized that the differences were lost on the Japanese public and Beijing. Since much of Koizumi's popularity is based on his refusal to compromise, changing his stance on Yasukuni would be highly risky for him politically. Observers point out that once the budget is passed in late March, Koizumi will come under increasing political attack as the struggle to replace him intensifies. Under such circumstances, taking a major step on China relations will become virtually impossible, our contacts say. They fully expect the matter of prime ministerial visits to the shrine to carry over to the next administration.

14. (C) Japan's China watchers also expect that Beijing will not compromise on the Yasukuni issue. Several contacts cited the Chinese leadership's need to use anti-Japanese sentiment to unite the PRC's diverse population in support of the Chinese Communist Party, now that communist ideology has lost its authority. Expressing concern over weak civilian control of the military, a number of our interlocutors noted President Hu's need to demonstrate a hard line on Japan to maintain the support of China's military. Tokyo University Professor Akihiko Tanaka told us he believes U.S. expressions of concern over Japan-China relations do have a positive

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effect on PRC thinking. He added, however, that there is no indication China is willing to put the Yasukuni issue on a separate track to advance relations with Japan in other areas. According to Keio University Professor Kojima, the Prime Minister's Yasukuni visits have become an unfortunate focal point of the relationship. Although the PRC depends on continued Japanese investment, technology transfers and access to markets for Japanese-branded goods assembled in China to continue its economic growth, Kojima feels President Hu will adhere to his refusal to meet with Japanese leaders until Tokyo makes a firm commitment on Yasukuni visits. That is almost certainly the case ahead of the 17th Party Congress in late 2007, he averred.

15. (C) Japan's growing economic interests and dependence on China make it imperative that Japanese political leaders try to deal with China in a constructive manner. Japanese business leaders have increasingly expressed concern that the "cold" political relations might begin to affect the "hot" economic ties. Yet, growing anti-Chinese nationalism makes it difficult to put the relationship on a positive track. LDP Diet Member Taro Kono told the Embassy that despite his reputation for working to improve ties with China, it has recently become extremely difficult politically to take any steps on China unless it can be shown that Japan is getting something in return. As Senior Vice Minister of Justice, Kono told us he has a number of ideas for improving relations with China in legal affairs, yet he hesitates to take such steps for political reasons. Komeito Diet Member Isamu Ueda similarly told the Embassy that in years past, Komeito's fraternal relations with the CCP were a simple matter of shaking hands. But now that economic relations between the two countries are so closely intertwined, real issues have arisen that directly affect Komeito's supporters. When Komeito's leaders visit Beijing, they are mindful to show they are standing up for their constituents' interests, he stated.

16. (C) According to Tokyo University's Tanaka, anti-Chinese nationalism in Japan has developed as a counter-reaction to anti-Japanese sentiment in the PRC. He assessed that over the past few years, a fairly strong level of public support for taking a hard line on China has emerged. Recent statements by FM Aso and DPJ leader Seiji Maehara that China is a "threat" are beginning to resonate, he said, noting a Yomiuri/Gallup poll in November 2005 in which 76 percent of the respondents labeled China a threat. The Komeito's Ueda told us that although China cannot truly be considered a threat in the face of Japan's military alliance with the United States, China's growing offensive military capability is cause for concern -- making transparency a priority issue.

LDP Diet Member Keizo Takemi separately expressed discomfort with the growing political influence of China's navy in PRC leadership circles. Japanese interests in the East China Sea, the Senkakus and other territorial issues all run up against the PLA Navy, he observed. Takemi believes the Yasukuni issue has received too much attention and lamented the lack of good news to counter the repeated clash of interests with China.

17. (C) Nonetheless, nationalism is not yet the dominant voice in Japanese politics. Professor Kojima reminded us that a large segment of the population (including a solid majority of the business community) still believes that Japan must try to improve its relations with China, and that Japanese political leaders should avoid statements and actions that arouse the anger of Japan's neighbors. Many people believe a balanced approach should be taken on Yasukuni, he asserted. Recently the conservative Yomiuri newspaper (Japan's largest daily) has joined with the liberal Asahi Shinbum to condemn the Prime Minister's Yasukuni visits and to urge a reevaluation of Japan's militarist past. LDP Diet Member Kono noted that while politicians are quarreling with the PRC, many entrepreneurs are becoming increasingly concerned about Japan losing influence and market share in international commerce due to Japan's bad relations with China. He said that Japanese political leaders do not fully understand Japan's growing economic interdependence with

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China and are not paying attention to the total negative effects that the quarrel is having on Japanese interests. The fact that PM Koizumi, Abe and Aso have said that visits to the shrine are a personal matter may offer a way out of this difficulty, Kono suggested.

#### A Challenge For Koizumi's Successor -----

18. (C) Our interlocutors believe that the leading contenders to replace Koizumi are actively considering how to approach the Yasukuni issue and Japan's relations with China.

Of the four top candidates, former Chief Cabinet Secretary Fukuda and Finance Minister Tanigaki have already staked out positions generally interpreted as promoting better ties to China, but popular support for Foreign Minister Aso and front-runner Chief Cabinet Secretary Abe is based in large measure on their hard-line nationalist stance. Nonetheless, a number of observers feel that Abe and Aso do not want to place themselves in the same predicament as PM Koizumi by committing to annual shrine visits. Still it is hard for them to compromise without losing popular support. The latter two have made a tradition of annual personal visits to Yasukuni and have stated they will continue to do so. Our interlocutors speculate they will try to do so under circumstances that limit the negative fallout from Beijing. The LDP's Kono observed to the Embassy that FM Aso has said he will continue to visit the shrine, but has also emphasized that it is a personal matter, indicating he understands the sensitivity of the situation with China, despite his recent

provocative statements (ref A). Kono also noted that although CCS Abe has taken a similar stand, he has been relatively quiet on the issue since becoming Chief Cabinet Secretary. Given Abe's well-established reputation as a

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nationalist, there is no political advantage in his joining the anti-China crowd, Kono opined.

¶9. (C) The possibility that the next prime minister might usher in a new phase in Japan-China relations depends in part on the political circumstances in which the new LDP president is elected. Tokyo University's Tanaka observed that given the highly charged nature of the Yasukuni issue, shrine visits may well figure in the LDP presidential election campaign, forcing the winner to adopt a certain position on Yasukuni or relations with China. He averred that much depends on how Beijing reacts to circumstances in Japan during this intense political period. For instance, should the Prime Minister or one of the LDP presidential candidates decide to visit Yasukuni during the shrine's April spring festival or on the sensitive August 15 date, any Chinese criticism would be used by the hard-liners to their advantage, he opined.

#### Managing the Relationship Despite the Stalemate

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¶10. (C) LDP Diet Member Koichi Kato told the Embassy that he completely discounted the possibility of a near-term improvement in Japan's relationship with China. However, he thought that some risk-management steps should be taken to prevent potential conflict. He cited the ongoing dialogue between Vice Minister Yachi and Vice Minister Dai Bingguo (ref B) as useful in that regard, even without a breakthrough in the relationship. National Institute of Defense Studies (NIDS) Research Fellow Yasuhiro Matsuda expressed the view that such a channel of communication may prove invaluable should a new prime minister wish to undertake an initiative on China relations. He thought that a Track II dialogue between Japan and China on history might also prove useful, but wondered whether such a dialogue would be able to overcome the growing distrust between the Japanese and Chinese people.

#### U.S. Involvement

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¶11. (C) Several of our contacts mentioned that direct U.S. intervention in the Japan-China relationship is a particularly difficult matter for Japan. The alliance with the U.S. is crucial for enabling Japan to deal with China on an even footing, yet U.S. involvement on the history issue

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may reveal differences between the two allies that could be exploited by China, they said. Moreover, the Japanese public is sensitive to perceptions of external pressure from the United States. LDP Diet Member Takemi and others related that nationalism in Japan is not only based on anti-China sentiment, but on opposition to the United States as well. Should the United States be seen as pressing Japan to adopt a particular historical interpretation or policy, there could well be a backlash against the United States, he warned. Diet Member Takemi, who speaks Chinese and studied at Harvard, explained that nationalists would assert the need for Japan to be more independent of the United States and would call into question the value of the security alliance.

#### Comment

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¶12. (C) Our interlocutors disagree with PM Koizumi's repeated visits to Yasukuni shrine, citing the need to improve relations with China. They have also given up on

Koizumi resolving the current stalemate. Due to the uncertainties in the LDP presidential campaign and the numerous domestic political constraints, our contacts all believe it is too hard to tell whether the next prime minister will be able to improve ties with China, even if that is a priority goal. The best chance for such an outcome, they insist, is for a candidate with a good understanding of the importance of Japan's interests in China to be elected LDP president, and for China to tread carefully in the run-up to that election. At present, however, it does not appear that any of Koizumi's most likely successors value the benefits of improved Japan-China relations more highly than the political benefits they personally gain by appealing to Japanese nationalism.

SCHIEFFER